batch-RIN through the appropriate designation of the RIN volume codes SSSSSSSS and EEEEEEEE.

(i) The value of SSSSSSSS in the batch-RIN shall be 00000001 to represent the first gallon-RIN associated with the volume of renewable fuel.

(ii) The value of EEEEEEEE in the batch-RIN shall represent the last gallon-RIN associated with the volume of renewable fuel, based on the RIN volume determined pursuant to paragraph (d)(4) of this section.

(6) (i) For renewable crude-based renewable fuels produced in a facility or unit that coprocesses renewable crudes and fossil fuels, the number of gallon-RINs that shall be generated for a given batch of renewable fuel shall be equal to the gallons of renewable crude used rather than the gallons of renewable fuel produced.

(ii) Parties that produce renewable crude-based renewable fuels in a facility or unit that coprocesses renewable crudes and fossil fuels may submit a petition to the Agency requesting the use of volumes of renewable fuel produced as the basis for the number of gallon-RINs, pursuant to paragraph (d)(4) of this section.

(7) *Standardization of volumes.* In determining the standardized volume of a batch of renewable fuel for purposes of generating RINs under this paragraph (d), the batch volumes shall be adjusted to a standard temperature of 60 °F.

(i) For ethanol, the following formula shall be used:

$$V_{s,e} = V_{a,e} * (-0.0006301 * T + 1.0378)$$

Where:

$V_{s,e}$ = Standardized volume of ethanol at 60 °F, in gallons.
$V_{a,e}$ = Actual volume of ethanol, in gallons.
T = Actual temperature of the batch, in °F.

(ii) For biodiesel (mono alkyl esters), the following formula shall be used:

$$V_{s,b} = V_{a,b} * (-0.0008008 * T + 1.0480)$$

Where:

$V_{s,b}$ = Standardized volume of biodiesel at 60 °F, in gallons.
$V_{a,b}$ = Actual volume of biodiesel, in gallons.
T = Actual temperature of the batch, in °F.

(iii) For other renewable fuels, an appropriate formula commonly accepted by the industry shall be used to standardize the actual volume to 60 °F. Formulas used must be reported to the Agency, and may be reviewed for appropriateness.

(8) (i) A party is prohibited from generating RINs for a volume of renewable fuel that it produces if:

(A) The renewable fuel has been produced from a chemical conversion process that uses another renewable fuel as a feedstock; and

(B) The renewable fuel used as a feedstock was produced by another party.

(ii) Any RINs that the party acquired with renewable fuel used as a feedstock shall be assigned to the new renewable fuel that was made with that feedstock.

(e) *Assignment of RINs to batches.* (1) Except as provided in paragraph (e)(4) of this section, the producer or importer of renewable fuel must assign all RINs generated to volumes of renewable fuel.

(2) A RIN is assigned to a volume of renewable fuel when ownership of the RIN is transferred along with the transfer of ownership of the volume of renewable fuel, pursuant to §80.1128(a).

(3) All assigned RINs shall have a K code value of 1.

(4) *RINs not assigned to batches.* (i) If a party produces or imports a batch of cellulosic biomass ethanol or waste-derived ethanol having an equivalence value of 2.5, that party must assign at least one gallon-RIN to each gallon of cellulosic biomass ethanol or waste-derived ethanol, representing the first 1.0 portion of the Equivalence Value.

(ii) Any remaining gallon-RINs generated for the cellulosic biomass ethanol or waste-derived ethanol which represent the remaining 1.5 portion of the Equivalence Value may remain unassigned.

(iii) The producer or importer of cellulosic biomass ethanol or waste-derived ethanol shall designate the K code as 2 for all unassigned RINs.

[72 FR 23995, May 1, 2007]

EFFECTIVE DATE NOTE: At 72 FR 23995, May 1, 2007, §80.1126 was added, effective Sept. 1, 2007.

§80.1127 How are RINs used to demonstrate compliance?

(a) *Renewable volume obligations.* (1) Except as specified in paragraph (b) of

this section, each party that is obligated to meet the Renewable Volume Obligation under §80.1107, or each party that is an exporter of renewable fuels that is obligated to meet a Renewable Volume Obligation under §80.1130, must demonstrate pursuant to §80.1152(a)(1) that it has taken ownership of sufficient RINs to satisfy the following equation:

$$(\Sigma RINNUM)_i + (\Sigma RINNUM)_{i-1} = RVO_i$$

Where:

$(\Sigma RINNUM)_i$ = Sum of all owned gallon-RINs that were generated in year i and are being applied towards the RVO_i, in gallons.

$(\Sigma RINNUM)_{i-1}$ = Sum of all owned gallon-RINs that were generated in year i−1 and are being applied towards the RVO_i, in gallons.

RVO_i = The Renewable Volume Obligation for the obligated party or renewable fuel exporter for calendar year i, in gallons, pursuant to §80.1107 or §80.1130.

(2) For compliance for calendar years 2008 and later, the value of $(\Sigma RINNUM)_{i-1}$ may not exceed a value determined by the following inequality:

$$(\Sigma RINNUM)_{i-1} \leq 0.20 \times RVO_i$$

(3) RINs may only be used to demonstrate compliance with the RVO for the calendar year in which they were generated or the following calendar year. RINs used to demonstrate compliance in one year cannot be used to demonstrate compliance in any other year.

(4) A party may only use a RIN for purposes of meeting the requirements of paragraphs (a)(1) and (a)(2) of this section if that RIN is an unassigned RIN with a K code of 2 obtained in accordance with §§80.1126(e)(4), 80.1128, and 80.1129.

(5) The number of gallon-RINs associated with a given batch-RIN that can be used for compliance with the RVO shall be calculated from the following formula:

$$RINNUM = EEEEEEEE - SSSSSSSS + 1$$

Where:

RINNUM = Number of gallon-RINs associated with a batch-RIN, where each gallon-RIN represents one gallon of renewable fuel for compliance purposes.

EEEEEEEE = Batch-RIN component identifying the last gallon-RIN associated with the batch-RIN.

SSSSSSSS = Batch-RIN component identifying the first gallon-RIN associated with the batch-RIN.

(b) *Deficit carryovers.* (1) An obligated party or an exporter of renewable fuel that fails to meet the requirements of paragraphs (a)(1) or (a)(2) of this section for calendar year i is permitted to carry a deficit into year i+1 under the following conditions:

(i) The party did not carry a deficit into calendar year i from calendar year i−1.

(ii) The party subsequently meets the requirements of paragraph (a)(1) of this section for calendar year i+1 and carries no deficit into year i+2.

(2) A deficit is calculated according to the following formula:

$$D_i \quad RVO_{i-1} \quad (\Sigma RINNUM)_{i+1} \quad (\Sigma RINNUM)_{i-1}$$

Where:

D_i = The deficit, in gallons, generated in calendar year i that must be carried over to year i+1 if allowed to do so pursuant to paragraph (b)(1)(i) of this section.

RVO_i = The Renewable Volume Obligation for the obligated party or renewable fuel exporter for calendar year i, in gallons.

$(\Sigma RINNUM)_{i-1}$ = Sum of all acquired gallon-RINs that were generated in year i and are being applied towards the RVO_i, in gallons.

$(\Sigma RINNUM)_{i-1}$ = Sum of all acquired gallon-RINs that were generated in year i−1 and are being applied towards the RVO_i, in gallons.

[72 FR 23995, May 1, 2007]

EFFECTIVE DATE NOTE: At 72 FR 23995, May 1, 2007, §80.1127 was added, effective Sept. 1, 2007.

§80.1128 General requirements for RIN distribution.

(a) *RINs assigned to volumes of renewable fuel.* (1) *Assigned RIN,* for the purposes of this subpart, means a RIN assigned to a volume of renewable fuel pursuant to §80.1126(e) with a K code of 1.

(2) Except as provided in §80.1126(e)(4) and §80.1129, no party can separate a RIN that has been assigned to a batch pursuant to §80.1126(e).

(3) An assigned RIN cannot be transferred to another party without simultaneously transferring a volume of renewable fuel to that same party.